

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF INDIANFIELD	County TUSCOLA
Fiscal Year End 3-31-06	Opinion Date MAY 10, 2006	Date Audit Report Submitted to State 8-22-06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

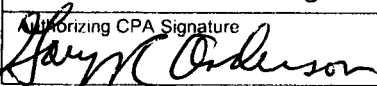
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <b>ANDERSON, TUCKEY, BERNHARDT &amp; DORAN, P.C.</b>		Telephone Number 989-673-3137	
Street Address 715 East Frank St. Caro, Michigan 48723-1623		City	State Zip
Authorizing CPA Signature 	Printed Name GARY R. ANDERSON	License Number 1101005476	

**TOWNSHIP OF INDIANFIELDS,  
TUSCOLA COUNTY  
Caro, Michigan**

**REPORT ON FINANCIAL STATEMENTS  
(with additional information)  
Year Ended March 31, 2006**

# **Township of Indianfields, Tuscola County**

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# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

May 10, 2006

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

## INDEPENDENT AUDITOR'S REPORT

Township of Indianfields  
Tuscola County  
Caro, Michigan 48723

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Indianfields as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Indianfields management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Indianfields governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Indianfields as of March 31, 2006, or changes in its financial position or cash flows where applicable, for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Indianfields Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED BALANCE SHEET -**  
**ALL FUND TYPES & ACCOUNTS GROUPS**  
 March 31, 2006

	<b>GOVERNMENTAL FUND TYPES</b>			<b>PROPRIETARY FUND TYPE</b>
	<b>GENERAL</b>	<b>CAPITAL PROJECTS</b>	<b>SPECIAL REVENUE (CEMETERY)</b>	<b>ENTERPRISE (SEWER)</b>
<b><u>ASSETS</u></b>				
Cash on hand & in bank	\$ 187,709	\$ 85,278	\$ 12,059	\$ 275,244
Certificates of deposit				10,000
Special assessments - current				5,700
Special assessments - deferred				47,221
Taxes receivable	1,021			
Due from other funds	72,169		78,513	431
Due from Village of Caro				6,000
Fixed assets				1,025,697
Restricted Assets:				
Replacement & Reserve accounts				67,301
Certificates of deposit				
Investments				
Due from other funds				
<b>TOTAL ASSETS</b>	<b><u>\$ 260,899</u></b>	<b><u>\$ 85,278</u></b>	<b><u>\$ 90,572</u></b>	<b><u>\$ 1,437,594</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Accounts payable				\$ 4,621
Due to other funds	\$ 30,749		50,812	-
Due to other Governmental units				
Revenue bonds payable - current				14,490
Revenue bonds payable - long-term				97,650
Deferred revenues	69,811			52,921
<b>TOTAL LIABILITIES</b>	<b><u>100,560</u></b>		<b><u>50,812</u></b>	<b><u>169,682</u></b>
<b>FUND EQUITY:</b>				
Contributed capital				829,095
Contributions from customers				28,955
Reserved for specific purpose				
Undesignated	160,339	\$ 85,278	39,760	409,862
Investment in general fixed assets				
<b>TOTAL FUND EQUITY</b>	<b><u>160,339</u></b>	<b><u>85,278</u></b>	<b><u>39,760</u></b>	<b><u>1,267,912</u></b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 260,899</u></b>	<b><u>\$ 85,278</u></b>	<b><u>\$ 90,572</u></b>	<b><u>\$ 1,437,594</u></b>

The accompanying notes are an integral part of the financial statements

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY)	
		REPORTING ENTITY	
		2006	2005
\$ 69,331		\$ 629,621	\$ 521,413
		10,000	10,000
		5,700	5,700
		47,221	52,921
512,569		513,590	367,822
		151,113	208,100
		6,000	6,000
	\$ 1,210,002	2,235,699	2,255,692
		-	-
		67,301	65,696
343,243		343,243	325,368
1,200		1,200	1,200
81,561		81,561	73,838
<u>\$ 1,007,904</u>	<u>\$ 1,210,002</u>	<u>\$ 4,092,249</u>	<u>\$ 3,893,750</u>
\$ -		\$ 4,621	\$ 25,973
151,113		232,674	281,938
509,300		509,300	319,603
		14,490	12,600
		97,650	112,140
		122,732	121,229
<u>660,413</u>		<u>981,467</u>	<u>873,483</u>
		829,095	850,863
		28,955	28,955
347,491		347,491	395,312
		695,239	542,825
	\$ 1,210,002	1,210,002	1,202,312
<u>347,491</u>	<u>1,210,002</u>	<u>3,110,782</u>	<u>3,020,267</u>
<u>\$ 1,007,904</u>	<u>\$ 1,210,002</u>	<u>\$ 4,092,249</u>	<u>\$ 3,893,750</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED MARCH 31, 2006**

	<u>GENERAL</u>	<u>CEMETERY FUND</u>	<u>CAPITAL PROJECTS</u>
<b>REVENUES:</b>			
Taxes	\$ 346,352		
Intergovernmental revenue	207,253		
Charges for services	10,170	\$ 42,075	
Interest and rents	1,322		\$ 394
Miscellaneous revenues	16,987	201	68,580
<b>TOTAL REVENUES</b>	<u>582,084</u>	<u>42,276</u>	<u>68,974</u>
<b>EXPENDITURES:</b>			
Legislative	35,316		
General government	181,946	93,366	3,696
Public safety	36,252		
Public works	210,144		
Recreation & cultural	49,773		
<b>TOTAL EXPENDITURES</b>	<u>513,431</u>	<u>93,366</u>	<u>3,696</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	68,653	(51,090)	65,278
<b>OTHER FINANCIAL SOURCES (USES):</b>			
Operating Transfers	(109,553)	89,401	10,000
Loan Proceeds - net of payments	(5,240)		
<b>TOTAL OTHER FINANCIAL SOURCES (USES):</b>	(114,793)	89,401	10,000
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USED)</b>	<u>(46,140)</u>	<u>38,311</u>	<u>75,278</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>206,479</u>	<u>1,449</u>	<u>10,000</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 160,339</u></u>	<u><u>\$ 39,760</u></u>	<u><u>\$ 85,278</u></u>

The accompanying notes are an integral part of the financial statements



**TOTAL  
(MEMORANDUM ONLY)**

<u>2006</u>	<u>2005</u>
\$ 346,352	\$ 317,924
207,253	208,810
52,245	46,178
1,716	3,963
<u>85,768</u>	<u>12,625</u>
<u>693,334</u>	<u>589,500</u>
35,316	34,051
279,008	250,620
36,252	46,276
210,144	159,143
<u>49,773</u>	<u>43,364</u>
<u>610,493</u>	<u>533,454</u>
82,841	56,046
(10,152)	-
<u>(5,240)</u>	<u>(4,367)</u>
(15,392)	(14,367)
<u>67,449</u>	<u>51,679</u>
<u>217,928</u>	<u>166,249</u>
<u>\$ 285,377</u>	<u>\$ 217,928</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL AND SPECIAL REVENUE FUND TYPES**  
**YEAR ENDED MARCH 31, 2006**

	<b>GENERAL FUND</b>		
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES:</b>			
Taxes	\$ 221,700	\$ 346,352	\$ 124,652
Intergovernmental revenue	202,850	207,253	4,403
Charges for services	7,600	10,170	2,570
Interest and rents	4,300	1,322	(2,978)
Miscellaneous revenue	3,400	16,987	13,587
<b>TOTAL REVENUES</b>	<b>439,850</b>	<b>582,084</b>	<b>142,234</b>
<b>EXPENDITURES:</b>			
Legislative	28,257	35,316	(7,059)
General government	164,447	181,946	(17,499)
Public safety	36,881	36,252	629
Public works	95,427	210,144	(114,717)
Recreation & cultural	43,712	49,773	(6,061)
<b>TOTAL EXPENDITURES</b>	<b>368,724</b>	<b>513,431</b>	<b>(144,707)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>71,126</b>	<b>68,653</b>	<b>(2,473)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers	(106,353)	(109,553)	(3,200)
Loan payments	-	(5,240)	(5,240)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(106,353)</b>	<b>(114,793)</b>	<b>(8,440)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING SOURCES (USES)</b>	<b>(35,227)</b>	<b>(46,140)</b>	<b>(10,913)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>206,479</b>	<b>206,479</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 171,252</b>	<b>\$ 160,339</b>	<b>\$ (10,913)</b>

The accompanying notes are an integral part of the financial statements

CEMETERY FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 45,000	\$ 42,075	\$ (2,925)	\$ 221,700	\$ 346,352	\$ 124,652
-	201	201	202,850	207,253	4,403
45,000	42,276	(2,724)	52,600	52,245	(355)
			4,300	1,322	(2,978)
			3,400	17,188	13,788
			484,850	624,360	139,510
92,458	93,366	(908)	28,257	35,316	(7,059)
			256,905	275,312	(18,407)
			36,881	36,252	629
			95,427	210,144	(114,717)
			43,712	49,773	(6,061)
92,458	93,366	(908)	461,182	606,797	(145,615)
(47,458)	(51,090)	(3,632)	23,668	17,563	(6,105)
101,053	89,401	(11,652)	(5,300)	(20,152)	(14,852)
			-	(5,240)	(5,240)
101,053	89,401	(11,652)	(5,300)	(25,392)	(20,092)
53,595	38,311	(15,284)	18,368	(2,589)	(20,957)
1,449	1,449	-	207,928	207,928	-
\$ 55,044	\$ 39,760	\$ (15,284)	\$ 226,296	\$ 205,339	\$ (20,957)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN RETAINED EARNINGS/FUND BALANCE**  
**ALL PROPRIETARY FUND TYPES AND**  
**NONEXPENDABLE TRUST FUND**  
**YEAR ENDED MARCH 31, 2006**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>
	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>
OPERATING REVENUE:		
Charges for services	\$ 37,793	
Sale of cemetery lots		\$ -
Special assessments	<u>5,700</u>	
TOTAL OPERATING REVENUE	43,493	-
OPERATING AND MAINTENANCE EXPENSE	<u>39,013</u>	
OPERATING INCOME (LOSS)	4,480	-
NON-OPERATING REVENUE:		
Interest earned	<u>14,789</u>	<u>7,723</u>
NET INCOME	19,269	7,723
OTHER FINANCING SOURCES (USES):		
Operating transfers - In		17,875
Operating transfers - Out		(7,723)
RETAINED EARNINGS/FUND BALANCE - BEGINNING OF YEAR	<u>390,593</u>	<u>329,616</u>
RETAINED EARNINGS/FUND BALANCE - END OF YEAR	<u><u>\$ 409,862</u></u>	<u><u>\$ 347,491</u></u>

The accompanying notes are an integral part of the financial statements

**TOTALS**  
**(MEMORANDUM ONLY)**

<b>REPORTING ENTITY</b>	
<b>2006</b>	<b>2005</b>
\$ 37,793	\$ 35,166
-	6,038
5,700	5,700
43,493	46,904
39,013	45,989
4,480	915
22,512	10,219
26,992	11,134
17,875	
(7,723)	
720,209	709,075
<u>\$ 757,353</u>	<u>\$ 720,209</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND**  
**YEAR ENDED MARCH 31, 2006**

	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>	<u>TOTALS (MEMORANDUM ONLY) YEAR ENDED MARCH 31,</u>	
			<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 51,626	\$ 2,192	\$ 53,818	\$ 43,495
Cash paid to suppliers	(39,013)		(39,013)	(41,038)
Interest received	14,789		14,789	10,219
Interest paid			-	(4,951)
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	<u>27,402</u>	<u>2,192</u>	<u>29,594</u>	<u>7,725</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in bond payable			-	(12,600)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,600)</u>
INCREASE (DECREASE) IN CASH	27,402	2,192	29,594	(4,875)
CASH AT BEGINNING OF THE YEAR	<u>339,651</u>	<u>326,568</u>	<u>666,219</u>	<u>671,094</u>
CASH AT END OF YEAR	<u>\$ 367,053</u>	<u>\$ 328,760</u>	<u>\$ 695,813</u>	<u>\$ 666,219</u>

The accompanying notes are an integral part of the financial statements

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS  
PROVIDED BY (USED) IN OPERATING ACTIVITIES**

	<b>SEWER FUND</b>	<b>PERPETUAL CARE FUND</b>	<b>TOTALS (MEMORANDUM ONLY)</b>	
			<b>YEAR ENDED MARCH 31, 2006</b>	<b>2005</b>
<b>NET INCOME</b>	<u>\$ 19,269</u>	<u>\$ 7,723</u>	<u>\$ 26,992</u>	<u>\$ 11,134</u>
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:</b>				
	6,972		6,972	6,972
(Increase) Decrease:				
Due from village	(2,601)		(2,601)	(2,601)
Special assess. & sewer connection receivable	17,100		17,100	11,400
Due from other funds	(32)	(9,096)	(9,128)	(9,439)
Bond discount	238		238	238
Increase (Decrease):				
Accounts payable	(3,418)		(3,418)	(3,418)
Deferred revenue	(10,126)		(10,126)	(10,126)
Due to other funds	<u>-</u>	<u>3,565</u>	<u>3,565</u>	<u>3,565</u>
Total adjustments	8,133	(5,531)	2,602	(3,409)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 27,402</u></u>	<u><u>\$ 2,192</u></u>	<u><u>\$ 29,594</u></u>	<u><u>\$ 7,725</u></u>

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:**

The Township of Indianfields, Michigan was organized in 1852 and covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 7,000 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Indianfields have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Indianfields contain all the funds and account groups controlled by the Township Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

**FUND ACCOUNTING:**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decreases (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**BUDGETS AND BUDGETARY ACCOUNTING:**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**CASH AND INVESTMENTS:**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**RECEIVABLES:**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**RESTRICTED ASSETS:**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

**FIXED ASSETS:**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**LONG-TERM OBLIGATIONS:**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

**INTERFUND TRANSACTIONS:**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**MEMORANDUM ONLY - TOTAL COLUMNS:**

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

**COMPARATIVE DATA:**

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**DEFERRED REVENUE:**

The General Fund collects a special assessment levy for refuse collection. The levy covers a period from December 1 through November 30. That portion of the levy applicable to the period from April 1 through November 30 is recorded as deferred revenue.

The Sewer Fund assessed several parcels of property for the cost of sewer line construction and connections to be repaid over a period not to exceed fifteen years. The portion of the assessments not due within twelve months is recorded as deferred revenue.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ESTIMATES:**

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:**

On May 8, 1984 the Township entered into a contract with the Village of Caro and Almer Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Indianfields Township's portion of the local share is \$333,000. The bonds were refinanced in 1992 and again in October, 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140. The Township's share of this bond is 12.6%.

The Township expects to repay its share plus interest, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

**(PRINCIPAL ONLY)**  
**Year Ending March 31,**

	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2007	\$ 14,490	\$ 3,687	\$ 18,177
2008	17,010	3,253	20,263
2009	16,380	2,742	19,122
2010	16,380	2,235	18,615
2011	15,750	1,694	17,444
2012	15,120	1,159	16,279
2013	<u>17,010</u>	<u>629</u>	<u>17,639</u>
TOTAL	<u>\$112,140</u>	<u>\$15,399</u>	<u>\$127,539</u>

On July 11, 2005 the Township Board adopted the final project plan for the improvements to the wastewater treatment system. The estimated project cost is \$7,739,700. Indianfields Township share of the new project will be 8.3% or \$642,395.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 3 - CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	<b>BALANCE MARCH 31, 2005</b>	<b><u>ADDITIONS</u></b>	<b><u>REDUCTIONS</u></b>	<b>BALANCE MARCH 31, 2006</b>
GENERAL GOVERNMENT:				
Legislative	\$ 32,254			\$ 32,254
Office	42,233	\$1,840		44,073
Elections	39,792			39,792
Township Hall	26,648			26,648
Recreation	263,788			263,788
Cemetery	797,597	4,531		802,128
Construction in Progress	<u>0</u>	<u>1,337</u>	<u>-</u>	<u>1,337</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<b><u>\$1,202,312</u></b>	<b><u>\$7,690</u></b>	<b><u>None</u></b>	<b><u>\$1,210,002</u></b>

**NOTE 4 - CASH AND INVESTMENTS:**

Cash and investments are held separately by each of the Township's funds.

**DEPOSITS:**

At year-end, the carrying amount of the Township's deposits was \$1,051,365 and the bank balance was \$1,071,862, \$610,331 of which was covered by federal depository insurance.

**INVESTMENTS:**

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At March 31, 2006, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are note included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2006 are composed of the following:

	<b><u>CASH AND CASH EQUIVALENTS</u></b>	<b><u>INVESTMENTS</u></b>	<b><u>RESTRICTED ASSETS</u></b>
General Fund:			
Deposits	\$187,709		
Other Funds:			
Deposits	<u>449,882</u>	<u>NONE</u>	<u>\$413,774</u>
<b>TOTAL</b>	<b><u>\$637,591</u></b>	<b><u>NONE</u></b>	<b><u>\$413,774</u></b>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 5 - FIXED ASSETS:**

Summaries of proprietary fund type fixed assets which are stated at cost as of March 31, 2006 are as follows:

Construction in Progress	\$ 1,337
Sewer Lines	453,397
Building & equipment	1,061,241
Loan closing costs	9,526
Bond discount	<u>1,147</u>
	\$1,526,648
Less accumulated depreciation & amortization	<u>500,951</u>
 TOTAL	 <u>\$1,025,697</u>

Depreciation is calculated using the straight-line method over a 50-year life. Depreciation expense for the year ended March 31, 2006 amounted to \$28,013. Depreciation expense of \$6,244 charged to operations was based on the Township's percentage contribution to the total cost of the project. The remaining depreciation expense of \$21,769 was charged against contributed capital.

**NOTE 6 - PENSION PLAN:**

**DEFINED BENEFIT PLAN:**

On March 21, 1994, the Township of Indianfields elected to place all of its eligible employees into the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the state of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the state of Michigan. The Township has no fiduciary responsibility for the plan.

Only the Township's full-time employees and elected officials are eligible to participate in the plan. As of March 31, 2006, the Township had ten employees who were covered under the plan; six of them are current employees.

The plan provides for vesting of benefits after six years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the plan are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1.5% of the member's final average compensation (5-year average). The retirement allowance is reduced ½% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses the entry age normal actuarial cost method. Benefit provisions and contribution obligations have been established by the contract.

**PENSION BENEFIT OBLIGATION:**

The Pension Benefit Obligation (PBO) which is the actuarial present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going-concern basis, the funding status of the PERS to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation is determined as part of an actuarial valuation.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 6 - PENSION PLAN, (Continued):**

**PENSION BENEFIT OBLIGATION, Continued:**

The significant actuarial assumptions that are expected to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering a) the nature and mix of current and expected investments; and b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over 30 years for positive and 10 years for negative balances.

The book value of net assets was \$50,892 as of March 31, 2006. The actuarial accrued liabilities at March 31, 2006 were unavailable. The information regarding market value of net assets was not available. Information about the types of securities that comprise the assets was not available at March 31, 2006. MERS had no loans outstanding to the Township at March 31, 2006.

**CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE:**

**COMPUTED EMPLOYER COMPARATIVE SCHEDULE**

<u>CALENDAR YEAR</u>	<u>CONTRIBUTION RATES AS PERCENT OF COVERED PAYROLL</u>	<u>COVERED PAYROLL</u>	<u>DOLLAR CONTRIBUTION FOR FISCAL YEAR</u>	
			<u>COMPUTED</u>	<u>ACTUAL</u>
2006	16.78%	\$91,996	\$15,437	\$15,499

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**GASB 25 And GASB 27 Information**

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in December 31, 2004 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

**GASB 25 Information (as of 12/31/2004)**

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$142,819
Terminated employees (vested former members) not yet receiving benefits	54,527
Non-vested terminated employees (pending refunds of accumulated member contributions)	0
Current Employees-	
Accumulated employee contributions including allocated investment income	0
Employer financed	<u>55,429</u>
Total Actuarial Accrued Liability	\$252,775
Net Assets Available for Benefits at Actuarial Value	<u>54,736</u>
(Market Value is \$53,429)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$198,039

**GASB 27 Information (as of 12/31/2004)**

Fiscal Year Beginning	April 1, 2006
Annual Required Contribution (ARC)	\$15,732*
Amortization Factor Used – Underfunded Liabilities (30 years)	0.053632

\*Based on valuation payroll. For divisions that are open to new hires the actual required contribution will be based on current monthly payroll (during the fiscal year beginning April 1, 2006) times the computed employer contribution rate(s) shown in Tables 15 & 16. The ARC shown here is the sum of the ARC's calculated separately for each division.



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 7 - LEGAL COMPLIANCE - BUDGETS:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**NOTE 8 - DUE TO AND FROM OTHER FUNDS:**

Due to and from other funds balances at March 31, 2006 are as follows:

<b><u>FUND</u></b>	<b><u>DUE FROM OTHER FUNDS</u></b>	<b><u>DUE TO OTHER FUNDS</u></b>
Governmental Fund Types:		
General Fund	\$ 72,169	\$ 30,749
Capital Projects Fund		
Enterprise Fund:		
Sewer fund	431	
Trust and agency:		
Current Tax Collection Fund		72,600
Perpetual Care Fund	81,561	78,513
Cemetery Fund	<u>78,513</u>	<u>50,812</u>
<b>TOTAL</b>	<b><u>\$232,674</u></b>	<b><u>\$232,674</u></b>

**NOTE 9 - CONTRIBUTED CAPITAL:**

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use or still in construction within the Township.

In order to more accurately reflect the equity remaining in these contributions, certain contributions are being amortized to retained earnings over 50 years. Amortization expense for the year totaled \$769.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**NOTE 10 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 2.6222 mills on a taxable value of \$124,479,366.

**NOTE 11 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

**NOTE 12- TRANSFERS:**

The general fund transferred \$10,000 to the capital projects fund and \$99,553 to the cemetery fund during the current fiscal year. The cemetery fund transferred \$17,875 to the perpetual care fund. The perpetual care fund transferred \$7,723 to the cemetery fund.

**NOTE 13 – GASB 34:**

The Township chose not to adopt GASB 34, which is required by Generally Accepted Accounting Principals (GAAP). This departure from GAAP is also noted in the audit report letter.

**NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2006 the township incurred expenditures in certain budgetary accounts, where the actual expenditures exceeded the appropriations as follows:

<b><u>LINE ITEMS</u></b>	<b><u>TOTAL APPROPRIATION</u></b>	<b><u>TOTAL EXPENDITURES</u></b>	<b><u>UNFAVORABLE BUDGET VARIANCE</u></b>
General Fund – Legislative	\$ 28,257	\$ 35,316	\$ 7,059
General Fund – General Government	\$164,447	\$181,946	\$ 17,499
General Fund – Public Works	\$ 95,427	\$210,144	\$114,717
General Fund – Township hall	\$ 12,500	\$ 16,154	\$ 3,654

## **FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS**

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES:</b>			
Taxes:			
Current property tax	\$ 190,600	\$ 309,479	\$ 118,879
Tax collection fees	30,000	35,890	5,890
Trailer fees	1,100	983	(117)
Total Taxes	<u>221,700</u>	<u>346,352</u>	<u>124,652</u>
Intergovernmental Revenue:			
State shared revenue	202,850	200,656	(2,194)
State shared revenue - metro	-	6,597	6,597
Total Intergovernmental Revenues	<u>202,850</u>	<u>207,253</u>	<u>4,403</u>
Charges For Services			
Land division fees	1,500	1,250	(250)
Permits	-	-	-
Fire calls	5,500	7,500	2,000
State fire protection	600	1,420	820
Total Charges for Services	<u>7,600</u>	<u>10,170</u>	<u>2,570</u>
Interest and Rents			
Rental income	800	850	50
Interest income	3,500	472	(3,028)
Total Interest and Rents	<u>4,300</u>	<u>1,322</u>	<u>(2,978)</u>
Miscellaneous Revenues:			
Other	3,400	16,987	13,587
<b>TOTAL REVENUES</b>	<u><u>\$ 439,850</u></u>	<u><u>\$ 582,084</u></u>	<u><u>\$ 142,234</u></u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES:</b>			
Legislative:			
Salaries - board	\$ 20,950	\$ 21,513	\$ (563)
Salaries - clerical	4,807	10,246	(5,439)
Memberships & dues	2,500	2,291	209
Capital outlay	-	1,266	(1,266)
Blight enforcement officer	-	-	-
	<u>28,257</u>	<u>35,316</u>	<u>(7,059)</u>
Total Legislative			
General Government:			
Executive:			
Salaries - supervisor	16,638	29,707	(13,069)
Assessor-contracted services	24,411	24,919	(508)
Office supplies	2,500	3,307	(807)
Professional services	9,700	12,421	(2,721)
Travel	500	65	435
	<u>53,749</u>	<u>70,419</u>	<u>(16,670)</u>
Total Executive			
Elections:			
Office supplies	500	651	(151)
Election fees and equipment	-	6,305	(6,305)
	<u>500</u>	<u>6,956</u>	<u>(6,456)</u>
Total Elections			
Clerk:			
Salaries - clerk	16,638	16,607	31
Office supplies	-	107	(107)
Salaries - Deputy clerk	-	-	-
Equipment	6,800	10,427	(3,627)
	<u>23,438</u>	<u>27,141</u>	<u>(3,703)</u>
Total Clerk			

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Treasurer:			
Salaries - treasurer	\$ 16,638	\$ 16,607	\$ 31
Office supplies	-	907	(907)
Tax roll preparation	7,500	8,550	(1,050)
Salaries - deputy	2,122	2,310	(188)
Dues	50	35	15
Total Treasurer	<u>26,310</u>	<u>28,409</u>	<u>(2,099)</u>
Board of Review:			
Salaries	2,500	218	2,282
Travel	-	-	-
Total Board of Review	<u>2,500</u>	<u>218</u>	<u>2,282</u>
Other Expenditures:			
Employer share- FICA	15,000	8,312	6,688
Retirement	13,500	15,914	(2,414)
Life insurance	800	377	423
Hospitalization	10,500	3,614	6,886
Unemployment	1,500	617	883
Workers compensation	3,500	6,235	(2,735)
Interest Expense	-	-	-
Public official bond	350	575	(225)
Liability, property & auto	12,800	13,159	(359)
Total Other Expenditures	<u>57,950</u>	<u>48,803</u>	<u>9,147</u>
Total General Government	<u>164,447</u>	<u>181,946</u>	<u>(17,499)</u>
Public Safety:			
Fire Department:			
Contracted services	35,381	35,381	-
Township Police	1,500	1,411	89
Thumb Narcotic Unit	-	(540)	540
Total Public Safety	<u>36,881</u>	<u>36,252</u>	<u>629</u>

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Public works:			
Sanitation:			
Contracted services	\$ -	\$ 98,382	\$ (98,382)
Street Lighting	2,300	2,444	(144)
Airport Authority	-	-	-
Metro Act Expenses	7,562	13,000	(5,438)
Highways and Streets	82,627	76,302	6,325
Caro Transit	-	-	-
Zoning Board:			
Salaries & fees	10,500	20,016	(9,516)
Total Zoning Board	10,500	20,016	(9,516)
Total Public Works	95,427	210,144	(114,717)
Recreation and Cultural:			
Township Hall:			
Equipment	-	1,101	(1,101)
Telephone	2,500	3,104	(604)
Printing & publishing	2,000	4,989	(2,989)
Repairs & supplies	1,500	925	575
Office supplies	3,000	1,914	1,086
Postage	3,500	4,121	(621)
Total Township Hall	12,500	16,154	(3,654)
Parks & Recreation:			
Salaries	13,905	12,568	1,337
Operating supplies	2,500	1,822	678
Equipment & land improvements	3,750	8	3,742
Repairs & maintenance supplies	500	510	(10)
Equipment repairs	5,607	15,232	(9,625)
Utilities	1,300	2,205	(905)
Building repairs	2,500	512	1,988
Vehicle repairs	-	103	(103)
Office supplies	150	4	146
Telephone	1,000	655	345
Printing	-	-	-
Total Parks & Recreation	31,212	33,619	(2,407)

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Total Recreation and Cultural	\$ 43,712	\$ 49,773	\$ (6,061)
TOTAL EXPENDITURES	368,724	513,431	(144,707)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>71,126</u>	<u>68,653</u>	<u>(2,473)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers - in	-	-	-
Loan Payments	(5,300)	(5,240)	60
Operating transfers - out	<u>(101,053)</u>	<u>(109,553)</u>	<u>(8,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(106,353)</u>	<u>(114,793)</u>	<u>(8,440)</u>
EXCESS OF REVENUES AND OTHER EXPENDITURES	<u>(35,227)</u>	<u>(46,140)</u>	<u>(10,913)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>206,479</u>	<u>206,479</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 171,252</u>	<u>\$ 160,339</u>	<u>\$ (10,913)</u>

See the accompanying notes.



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES:</b>			
Charges for Services:			
Cremation openings	\$ 2,000	\$ 2,025	\$ 25
Foundations	3,500	3,559	59
Grave openings	33,500	30,380	(3,120)
Lot Sales & Upkeep	6,000	6,111	111
	<u>45,000</u>	<u>42,075</u>	<u>(2,925)</u>
Total Charges for Services			
Miscellaneous Revenues:			
Interest	-	1	1
Sales - other	-	200	200
Donations Received	-	-	-
	<u>-</u>	<u>201</u>	<u>201</u>
Total Miscellaneous Revenues			
<b>TOTAL REVENUES</b>	<u>45,000</u>	<u>42,276</u>	<u>(2,724)</u>
<b>EXPENDITURES:</b>			
Salaries & wages	62,328	54,030	8,298
Taxes - F.I.C.A.	-	4,815	(4,815)
Employee benefits	-	10,857	(10,857)
Office supplies	500	282	218
Operating supplies	7,000	4,341	2,659
Taxes - unemployment	-	58	(58)
Telephone	1,330	1,816	(486)
Insurance & bonds	-	881	(881)
Utilities	4,200	5,191	(991)
Land improvements	4,000	4,513	(513)
Miscellaneous	1,600	993	607
Capital outlay	2,000	485	1,515
Repairs & maintenance	9,500	2,409	7,091
Pension	-	2,695	(2,695)
	<u>92,458</u>	<u>93,366</u>	<u>(908)</u>
<b>TOTAL EXPENDITURES</b>			

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
(Continued)			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (47,458)</u>	<u>\$ (51,090)</u>	<u>\$ (3,632)</u>
OTHER FINANCING SOURCES:			
Operating transfers in:	101,053	107,276	6,223
Operating transfers (out):	<u>(17,875)</u>	<u>(17,875)</u>	<u>(17,875)</u>
TOTAL OTHER FINANCING SOURCES	101,053	89,401	(11,652)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>53,595</u>	<u>38,311</u>	<u>(15,284)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,449</u>	<u>1,449</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 55,044</u>	<u>\$ 39,760</u>	<u>\$ (15,284)</u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**FIDUCIARY FUND TYPES**  
**COMBINING BALANCE SHEET**  
**March 31, 2006**

	<u>NONEXPENDABLE TRUST FUND</u>	<u>AGENCY FUND</u>
	<u>PERPETUAL CARE FUND</u>	<u>CURRENT TAX COLLECTION FUND</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash		\$ 69,331
Taxes receivable	-	512,569
<b>TOTAL CURRENT ASSETS</b>	-	581,900
RESTRICTED ASSETS:		
Certificate of deposit	\$ 343,243	
Investment	1,200	
Due from Other Funds	81,561	-
<b>TOTAL RESTRICTED ASSETS</b>	426,004	-
<b>TOTAL ASSETS</b>	<b>\$ 426,004</b>	<b>\$ 581,900</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
CURRENT LIABILITIES:		
Accounts Payable		\$ -
Due to general fund		58,375
Due to cemetery fund	\$ 78,513	
Due to library		27,140
Due to county		134,554
Due to schools		291,255
Due to sewer fund		431
Due to refuse fund		13,794
Due to State of Michigan		38,250
Due to Caro Transit Authority		18,101
<b>TOTAL CURRENT LIABILITIES</b>	78,513	581,900
FUND EQUITY:		
FUND BALANCE		
Reserved for specific purpose	\$ 347,491	-
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 426,004</b>	<b>\$ 581,900</b>

See the accompanying notes.

TOTALS	
MARCH 31,	
2006	2005
\$ 69,331	\$ 82,837
512,569	359,102
581,900	441,939
343,243	325,368
1,200	1,200
81,561	73,838
426,004	400,406
<b>\$ 1,007,904</b>	<b>\$ 842,345</b>

\$ -	\$ 26
58,375	108,023
78,513	70,790
27,140	19,704
134,554	111,589
291,255	175,561
431	742
13,794	13,545
38,250	-
18,101	12,749
660,413	512,729
347,491	329,616
<b>\$ 1,007,904</b>	<b>\$ 842,345</b>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CURRENT TAX COLLECTION FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**March 31, 2006**

	<b>BALANCE APRIL 1, 2005</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>BALANCE MARCH 31, 2006</b>
<b><u>ASSETS:</u></b>				
Cash	\$ 82,837		\$ 13,506	\$ 69,331
Taxes - receivable	359,102	\$ 3,662,300	3,508,833	512,569
<b>TOTAL ASSETS</b>	<b><u>\$ 441,939</u></b>	<b><u>\$ 3,662,300</u></b>	<b><u>\$ 3,522,339</u></b>	<b><u>\$ 581,900</u></b>
 <b><u>LIABILITIES:</u></b>				
Amounts payable	\$ 26	\$ 26	\$ -	\$ -
Due to general fund	108,023	293,108	243,460	58,375
Due to library	19,704	181,855	189,291	27,140
Due to county	111,589	895,592	918,557	134,554
Due to schools	175,561	1,921,323	2,037,017	291,255
Due to sewer fund	742	11,946	11,635	431
Due to Caro Transit Authority	12,749	122,604	127,956	18,101
Due to State of Michigan	-	-	38,250	38,250
Due to Refuse Fund	13,545	103,947	104,196	13,794
<b>TOTAL LIABILITIES</b>	<b><u>\$ 441,939</u></b>	<b><u>\$ 3,530,401</u></b>	<b><u>\$ 3,670,362</u></b>	<b><u>\$ 581,900</u></b>

See the accompanying notes.

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

May 10, 2006

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

To the Board of Trustees  
Indianfield Township, Tuscola County, Michigan  
Caro, Michigan 48723

In planning and performing our audit of the financial statements of Indianfields Township for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated May 10, 2006, on the financial statements of Indianfields Township.

## **Bank Reconciliation Procedures**

The bank accounts are reconciled each month. However, the reconciled amounts are not being checked against the bank balances of the Township's financial records to make sure they are the same. This verification should be done every month for each bank account for all the funds of the Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Indianfields Township, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Sincerely,

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS